

1 characterize those as partnership issues in response to your
2 question. I think okay, that's what I was trying to answer
3 there.

4 Q Right, and I understand what you're saying there,
5 but what I asked was whether you recall specific
6 conversations as to whether you would be in control of the
7 partnership?

8 A At the meeting, the meeting when the special
9 allocation took place, preference allocation that was
10 heatedly debated.

11 Q Can you explain that a little bit better?

12 A Well, yeah, that I was insistent upon a special
13 allocation for the general partners, reflecting the minority
14 general partners' contribution to getting the business. It
15 was not something that was originally in the deal. It was a
16 concept that I had discussed with Tom Hart, and I said, you
17 know what? We got the station because of a distress sale,
18 we got it at a discounted price, and therefore, my presence
19 can and should be interpreted as contribution, an in effect
20 contribution, to the business, to its acquisition.

21 And, I had a heated debate which, you know, we
22 won, with an accommodation to get that priority disbursement
23 that extra \$1 million advanced.

24 Q Just so we're clear here, you're talking about the
25 restated agreement and the changes therein with regard to

1 distribution, right?

2 A Yes, that's correct.

3 Q Were there any other circumstances that you
4 remember where your control of the partnership was
5 discussed, as opposed to control of the station?

6 A Specifically, no, but, again, the discussion on
7 the profit and loss allocation, which was a part of that
8 meeting and subsequent meetings. You know, I gave a consent
9 to that after spending time with Davenport and Nebel,
10 reviewing the issue and getting comfortable with it. It
11 absolutely could not have been done without my desire or my
12 willingness to do it.

13 Those are specific issues that related to
14 management of the partnership. Okay, I'm sorry --

15 Q And, with regard to that, since you're speaking
16 about the decisions for profit and loss allocations, I know
17 that from the testimony today that Arthur Andersen did the
18 work on that. Who authorized Arthur Andersen or whose
19 direction was that issue looked into?

20 A The introduction of Arthur Andersen came at the
21 suggestion of a meeting from Bank of Boston, was set up by
22 the limited partners, if I'm not mistaken. I met with
23 Arthur Andersen, Roger Eastman and George Nebel in Boston,
24 with either one or both Boling or Sostek. Then we came to
25 an engagement agreement, which I executed.

1 The tax accommodation was originally presented to
2 me by Carter Bacon, if I'm not mistaken. I think it was
3 Carter. It was clearly initiated by the other side or by
4 the limited partners. I think it, I'm pretty sure it came
5 through Carter Bacon.

6 Q Okay. Just a second. I don't want to be
7 repetitive. On page ten of your testimony, paragraph 23,
8 you indicate that you spent time interviewing engineering
9 consulting firms, local lawyers, equipment companies?

10 A Yes.

11 Q When you were choosing lawyers or engineers or
12 outside contractors, did you do so at the direction or did
13 you receive assistance from your partners in making those
14 choices?

15 A In the case of Peabody & Brown, yes. It was --

16 Q Can you explain that?

17 A It was their suggestion that we continue with
18 Peabody & Brown for the production of the partnership
19 documents.

20 In the case of Collier Shannon, the FCC counsel
21 and Tom Hart, we, you know, that was -- I don't even know if
22 that was discussed. It was just assumed. You know, I never
23 raised an objection to it.

24 In the selection of counsel in Hartford, I
25 interviewed three or four firms personally, made the

1 recommendation for Schatz & Schatz. Invited Hart and Sostek
2 and Boling and whoever else from the limited partner group
3 to come down and meet them, after I interviewed Dayberry &
4 Howard, Robinson, Robinson and Cole, and a fourth firm, a
5 fourth firm and Schatz & Schatz. Brought them to Robinson
6 and Cole and to Schatz and my recommendation was Schatz &
7 Schatz and we went with Schatz & Schatz.

8 Q When you made your recommendation, was it a
9 recommendation that had to be approved by the rest of the
10 partners?

11 A No, it was -- well, legally, I'm not sure. I
12 don't think so. I don't believe so. I think that that
13 fell within the purview of controlling general, managing
14 general partner and not a unanimous general partnership
15 decision, like selling the assets.

16 And, I wouldn't characterize it as an approval.
17 It was this is who we're going to be working with. We've
18 got a lot of stuff that we're going to do with them.
19 They're going to be interfacing with all parts of our
20 company. Please come and get comfortable with them, because
21 you will have to interface with them in some degree.

22 Q Did you ever recommend a lawyer or engineer or
23 contractor that the partners, the other partners, did not
24 approve of?

25 A No. Every engineering, legal recommendation,

1 consultant recommendation, employment issue that I elected
2 to do, I -- well, first off --

3 JUDGE FRYSIK: Well, the answer was no.

4 THE WITNESS: No, the answer is no.

5 BY MS. WITHERS:

6 Q You've testified today and also in the exhibit
7 that WHCT was -- you considered WHCT Management to be a back
8 up to you?

9 A In part, yes. I said that was part of its
10 function.

11 Q Right, along with today you said the admission of
12 other minorities or station employees?

13 A That's in the record very clearly in our initial
14 filings back in '84. That was one of its intended purposes.

15 Q I want to turn your attention to Ramirez Exhibit
16 A, and it's page 20 of that exhibit. Page 20 by, I guess
17 it's your numbering, up at the top right corner. It's the
18 signature page, if that helps you.

19 A Sorry. What is the front of the document, just so
20 I know --

21 Q It's the agreement with Faith Center.

22 A Okay, the agreement with Faith Center, yes.

23 Q The signature block reflects that the agreement
24 with Faith Center was signed by Fred Boling on behalf of
25 WHCT Management, Inc., as general partner?

1 A Yes.

2 Q Can you explain why Mr. Boling would have signed
3 that agreement on behalf of WHCT and not you?

4 A Well, the course of events as I understand them,
5 or as ACCLP didn't exist on May 25. That, you know, I knew
6 that Mr. Boling -- well, predominantly Mr. Hart was
7 negotiating this transaction with Mr. Mazury, Dr. Scott's
8 attorney, during that prior week -- week prior to the
9 Memorial Day meeting there. And, this, having an agreement
10 to purchase, this memorandum of understanding as I refer to
11 it, or this agreement, was being executed or executed prior
12 to the actual formation of the business.

13 Q Although, if you look right below his signature,
14 you'll see that it was notarized as of the 29th.

15 A Yeah.

16 MS. SCHMELTZER: I guess I'm going to object,
17 because I don't think it's fair to ask Mr. Ramirez about a
18 notarization that was done for Mr. Boling.

19 MS. WITHERS: Well, what I'm trying to figure out
20 here is why it was that Mr. Boling signed this agreement,
21 and to the degree that you're saying it was the 25th, but
22 I'm just --

23 MS. SCHMELTZER: You know, just to -- if you want
24 to read the trial transcripts in the bankruptcy proceeding,
25 it's all in there.

1 JUDGE FRYSIK: Objection is overruled. You may
2 ask. Do you understand what the question was?

3 THE WITNESS: No, why don't we go again? I'm
4 sorry.

5 BY MS. WITHERS:

6 Q I had asked why Mr. Boling had signed this
7 agreement and you indicated because it was signed before the
8 partnership was formed, and I'm curious if that is so, why
9 it says that this was signed on the 29th, or at least the
10 notary's signature of that is such?

11 A Is it? Well, I did not participate in this
12 document's construction. I reviewed it as part of the
13 submissions to the FCC on the 30th, was it, or -- the day we
14 appeared for the extraordinary relief petitions. I reviewed
15 it prior to that, and concurrent with the partnership
16 agreement, but I did not and never have contended that I
17 participated in the negotiations of Faith Center.

18 So, I can't even tell you that the by WHCT was
19 done concurrent at the time that he signed it. My
20 familiarity with this document only rests in having seen it
21 post and not having dealt with it a whole lot since then.

22 Q Okay. Can you turn to Ramirez Exhibit B, page
23 118? Again, I'm looking at the numbers at the top right for
24 the page?

25 JUDGE FRYSIK: What's the page number?

1 MS. WITHERS: One eighteen.

2

3 BY MS. WITHERS:

4 Q This is an attachment to a November 2, 1984 filing
5 with the FCC, which is an amendment to a 314 application.

6 A Okay.

7 Q Are you with me on page 118?

8 A Yes, I am. I was just trying to familiarize
9 myself with the rest of the document. Yes.

10 Q And, I have the same question for you there. Why
11 did Mr. Boling sign an amendment to the agreement at this
12 time?

13 A I don't have an answer. At this point in time,
14 ACCLP is formed and ACCLP has me as one general partner and
15 HCT Management, Inc. as the other. A lot of the deal points
16 related to the Faith Center agreement were going through
17 Thomas Hart to Carter Bacon and then to Mr. Boling and then,
18 you know, in completion or execution, to me. But, I can't
19 tell you specifically why this amendment is under Fred's
20 signature as opposed to mine.

21 This is pretty early in the proceeding, 1984.

22 Q Did you participate or were you involved in the
23 closing of the transaction with Faith Center?

24 A Yes, I was in Hartford and participated via phone
25 and fax in the execution of numerous documents with Schatz &

1 Schatz on one phone. We had counsel in Los Angeles. We had
2 Peabody & Brown participating and we had Thomas Hart. So, I
3 executed certain documents, is my recollection, authorized
4 and approved some calculations of what the actual hold backs
5 and adjustments needed to be for tax issues and things like
6 that.

7 I worked with Schatz & Schatz on that the day of
8 the closing, and then I remember going to the station and
9 shutting it off.

10 Q What about prior to the day of? Were you involved
11 in the preparation of the closing documents or any of the
12 due diligence?

13 A The due diligence, yes. I directed the
14 engineering inspection of the business, and to whatever
15 degree there were records on site in Hartford, which was
16 very limited, I hired a consulting engineer, Art Biggs, I
17 believe was his name. I had worked with him in Houston,
18 Texas. He did the engineering review of the business,
19 giving me the preliminary report.

20 Subsequent to that, I had hired other engineering
21 consultants to look at the feasibility of the tower. So,
22 yes, I'd done a lot of due diligence on the physical assets
23 and on the business elements that were in Hartford, and I
24 had seen various of these document flows in Hartford,
25 through Schatz & Schatz and from, you know, Peabody & Brown

1 and through Schatz & Schatz.

2 Q Okay, can I now direct you to page 12 of your
3 testimony? Specifically, I'm looking in the middle of the
4 first paragraph, where you say, "I met with members..."
5 You're talking about the Capital Region Conference of
6 Churches.

7 A I met -- yes.

8 Q Can you tell me what involvement you had? You met
9 with the members. I know from one of your exhibits, Exhibit
10 B, that you formulated a plan to satisfy or negotiate a
11 citizen's agreement. Can you explain that in some more
12 detail?

13 A Yes, the Capital Conference Region of Churches and
14 its members were the original, as I understood it,
15 petitioners to deny Dr. Scott's license. I think they go
16 back to '82 or '81 filing. As part of our strategy --

17 Q As our, you mean --

18 A ACCLP, Hart and I discussed going to them and you
19 know, this is who we were, this is what we were going to
20 invest, this is the partners and this is what we intended to
21 do with the station, to get them to support us in getting
22 the third bite at the distress sale.

23 Q Did you discuss this citizen's agreement or
24 negotiating a plan with your other partners?

25 A I think I told them that we were doing it. I

1 think it was predominantly Tom and I that did it, if I'm not
2 mistaken. I met, did the pitch. Tom drafted some document
3 that was going to -- the citizen's agreement that was going
4 to -- oh, wait, you know what? It was either Tom drafted it
5 or their attorney drafted it. But, I made the presentation
6 on who we were, what we were planning to do with the
7 business. We're going to bring in new facilities, bring
8 traditional programming to the market, so forth and so
9 forth.

10 I had also conducted community ascertainments that
11 summer, which included a group broader than just the Capital
12 Region Conference, which was submitted as part of our
13 petition later on in that summer of '84. So, I met with
14 them and -- Tom and I are the ones who handled that
15 negotiation. I remember specifically that they wanted some
16 programming commitments in their agreement, in their
17 original agreement, which I was uncomfortable with. I felt
18 that that was not a right thing for us to do.

19 By certain specific commitment, maybe, to
20 children's programming or certain types of programming and I
21 responded to them that I was uncomfortable yielding the
22 editorial or programming elements of the company to anybody
23 else, but that they had to rely on our good faith and
24 standing and if we screwed up -- excuse me, if we didn't
25 comply, they could always file another challenge.

1 But, you know, I relied on my broadcast
2 background, and, you know, that sort of thing, to get them
3 to accommodate us. We did most of the negotiation with
4 their attorney, their attorney in Hartford, and his name I'm
5 drawing a blank.

6 Q But, it's your testimony today that negotiation
7 was done by you and Mr. Hart, absent input from the other
8 partners?

9 A On this, on that agreement, it's my recollection
10 that I did that. I think I was going down to Hartford, I
11 was living in Boston, was travelling to Washington and
12 travelling to Hartford to get that accommodated or to get
13 that completed.

14 Q Do you recall the dispute about the payment of the
15 promissory note between Faith Center and Astroline
16 Communications Company Limited Partnership?

17 A Yes, I do.

18 Q What was your role in resolving that matter?

19 A I gave, I believe I gave testimony and worked with
20 an attorney in Los Angeles on numerous occasions to
21 construct our responses and our pleadings to that case, and
22 participated in the meetings, where we made -- the attorney
23 in Los Angeles -- Walter Stringfellow -- suggested that we
24 could defer the thing by moving from one venue to the other.
25 I believe, from State Court to Federal Court, where you

1 could read through that strategy.

2 He went and did that, we didn't get the case, so
3 it essentially went into limboland. Later on, in the
4 bankruptcy, in an attempt to get a deal done, I went to Los
5 Angeles and met with Attorney Mazury, who was Dr. Scott's
6 attorney, with Thomas Gugliotti, who was our bankruptcy
7 attorney from Schatz & Schatz, and negotiated a resolution
8 to his claims in the bankruptcy case. That was pretty
9 dicey. We essentially had to convince Dr. Scott's attorneys
10 that their claim on the two sixth and so forth was
11 essentially all nullified and to get them to stop the
12 procedure, any obstruction to a settlement. We were going
13 to convey the real estate at the original power site for
14 them. That was a strategy that was worked out by Thomas
15 Gugliotti and I. We went to Los Angeles and sold that to Ed
16 Mazury, who was Dr. Scott's attorney.

17 Q When you say it was worked out between you and
18 Guglionni --

19 A Gugliotti.

20 Q Was that something that your partners participated
21 in, as well, and you're reporting to them on what was going
22 on?

23 A Seeing as how -- well, let's see. Yes and no.
24 Prebankruptcy, if I would have been, if I had been
25 discussing that prior to the bankruptcy which, in fact, I

1 think we did have some settlement discussions with them
2 prebankruptcy. The assignment of that kind of asset would
3 have required additional consents.

4 Post the bankruptcy, it didn't, but in the fact
5 that they -- that we were looking to the limiteds to also
6 contribute some capital or to release some claims to get a
7 settlement, I was -- Gugliotti and I were always talking to
8 them about the packages that we were putting together. I
9 had solicited a willingness from the limited partners to
10 relinquish their claim on the assets, on the building at
11 Garden Street and on the old power site.

12 At one point, I got them to contribute the real
13 estate under the new tower, which they owned, as a means of
14 getting a settlement. So, I would deal with them in that
15 basis, with Gugliotti and their counsel. They had local
16 bankruptcy counsel as well as the Peabody & Brown guys were
17 still involved at that point in time, as well, I think.

18 So, throughout that process, I was negotiating
19 back and forth with them to make some effort to get a
20 settlement so that we would all have a shot to take a run at
21 the perfection of the license and hopefully return some
22 value out of the business.

23 Q Pre-bankruptcy, I think your testimony was, that
24 you were working with an attorney in Los Angeles?

25 A Walter Stringfellow, yes.

1 Q Right, and who hired that guy?

2 A I believe Peabody & Brown hired him.

3 Q At whose direction?

4 A Or, Peabody & Brown found him.

5 Q At whose direction, yours?

6 A Can't say that specifically.

7 JUDGE FRYSIK: You don't know?

8 THE WITNESS: I don't know. Don't recall.

9 BY MS. WITHERS:

10 Q On 11/30/88, Astroline elected to convert to a
11 Chapter 11 and I can pinpoint you to your document with that
12 date.

13 A Was it 11/30 or 10/30?

14 Q Well, let's check. It's Exhibit D, page 132.

15 A I think you're right. The conversion took place,
16 cause you get 30 days. The original filing was a Chapter
17 VII by the programmer or creditors on 10/30 and you have 30
18 days under which to make the decision or election would have
19 been 30 days subsequent.

20 Q Right, on November 30, Astroline consented by
21 filing.

22 A Correct.

23 Q Who made that decision to convert?

24 A I did.

25 Q Did you consult with your other partners?

1 A Probably not. I don't recall. I don't believe
2 so. My answer is, I don't believe so. I worked through
3 this issue --

4 JUDGE FRYSIAK: That's good enough, that's good
5 enough.

6 BY MS. WITHERS:

7 Q I'm skipping around a lot, but I'm just trying to
8 tie up some loose ends.

9 A Surely.

10 Q You testified today with regard to the amendment
11 of the partnership and the admission, I believe, of Mr.
12 Hart, to the partnership, although I don't think you've said
13 much about it. Did you have any input or discussions prior
14 to his admission into the partnership with your other
15 partners?

16 A Yes.

17 Q Can you elaborate on it?

18 A Yes. We felt that, and this was a discussion that
19 I had had at length with Tom and then subsequently, how I
20 presented it to the other partners, that building a more
21 extended coalition -- and this, I think, relates to my
22 discussions earlier about maximizing our good standing and
23 our compliance issues -- that Tom, being an African-American
24 and having at least a peripheral of participation in the
25 communications business that was practiced, would help us,

1 not only in our, you know, documented percentage
2 allocations, but also in accruing or renewing additional
3 support in the various pleadings and so forth from other
4 minority groups. The National Association of Black Owned
5 Broadcasters was a quite formidable, as it remains today,
6 advocate for these policies. And, there was another group,
7 Pluria Marshall's group, as well.

8 Tom had very good relationships there. I had met
9 all of these groups with Tom back in '84, so one of our
10 motivations was to bring Tom on board as a GP, to get him
11 involved in that basis and to continue to maintain our ring
12 of support of the minority policies.

13 Secondly, it was that he was going through a
14 heck of a lot of effort in a very, very dicey, you know,
15 transaction, which was only going to get worse, and we
16 wanted to kind of insure his attention to the case beyond
17 sending him the fee.

18 So, I discussed that with Tom and I discussed that
19 with the partners and recommended that we do this.

20 Q So, you're testifying that it was your
21 recommendation or you brought this idea to the attention of
22 the other partners?

23 A Tom and I discussed it first.

24 Q Okay. You've testified today that at some point,
25 WHCT Management was transferred -- control was transferred

1 from Astroline Company to you and do you ever recall Mr.
2 Hart recommending that that company be dissolved?

3 A Yes.

4 Q Can you explain how a determination was reached,
5 rather than dissolve it, to simply transfer the interests?

6 A I don't. Events at the back end or that fall of
7 1988 were quite furious. I was negotiating with programmers
8 not to put us into bankruptcy. We were coming into the new
9 Whaler's season. My payments were really -- I was doing a
10 lot, a lot of issues at that point in time. Probably the
11 most hyperactive point of that entire five or six year-
12 employment there for me, and I cannot specifically recall
13 why we elected to transfer it as opposed to dissolve it.
14 You know, I don't recall.

15 Q Do you recall who made that decision?

16 A I know that we have discussed it at length. I --

17 Q We is you and the partners?

18 A Myself, Mr. Hart, Linda Bocchi, Ed Hayes. I know
19 that Boling and Sostek were informed of the need to do it.
20 I know I talked about it with Carter Bacon, possibly with
21 Bill Lance to effect it. I know that Carter actually
22 effected the administration of all the paperwork to get it
23 done.

24 I know, you know, what our intent was there was to
25 be prepared for the renewal. That's why we did it.

1 Q But, do you know, was that decision your decision
2 or was it the decision of one of your other partners?

3 A Well, I don't control the other general partners,
4 so they had to consent to do it.

5 Q I realize that.

6 A It was my strong recommendation that we do it and
7 I obviously advocated it. Long before we actually did it, I
8 think the record shows that there is quite a bit of paper
9 flowing back and forth on the issue.

10 I was the driver on the decision. FCC counsel, to
11 me, bringing up the issue. I was the driver within the
12 partnership to do it.

13 Q You've testified today with regard to your
14 accounting system, Columbine System, in that you would, as
15 bills come in, kick out invoices back to Astroline Company
16 for payment. Did you ever have a formal budget that
17 anticipated such expenses?

18 A Yes. The Columbine System, if I'm not mistaken,
19 every year had a budget and actuals, both expenses and
20 revenues in it. And, so, we did have operating budgets and
21 targets that we were shooting for.

22 Q Which you did on an annual basis, is that what --

23 A No, Columbine produced those every month and we
24 created a monthly -- an annual budget and an annual
25 operating plan, myself, Ms. Planell, the sales managers, Mr.

1 Rozanski, would produce an annual operating plan. I would
2 send that to the partners and say this is what I was going
3 to do, this is what we're going to try to achieve. May have
4 even met with them from time to time to present, this is
5 what we're going to do next year. You know, deal with the
6 deficit that needed to be funded. And, that would be
7 entered into Columbine and we would post actuals to the
8 budgeted -- analysis every month.

9 Q Did your partners have, at the point that you sent
10 it to them to look at, did they ever give you any
11 suggestions or changes to your budget?

12 A No.

13 Q So, you're testifying that you never changed your
14 budget to accommodate a suggestion of one of your partners?

15 A I never changed an operating budget to accommodate
16 a suggestion of one of those partners. I did --

17 JUDGE FRYSIK: That's good enough. Never means
18 never.

19 THE WITNESS: Never.

20 BY MS. WITHERS:

21 Q You've testified and I can point you to a page, if
22 you'd like, but you testified that you supervised the
23 renovation and you hired architects, hired engineers,
24 negotiated for the purchase of land. With respect to those
25 activities, did you need to seek the prior approval of your

1 other partners?

2 A No. Purchase land, make a \$1 million decision.

3 Q Was there approval needed in order to purchase
4 land, is that what you're saying?

5 A Not to purchase the land, but to be sure that they
6 would advance the funding.

7 Q Before you hired architects or hired engineers,
8 did you consult with your limited partners?

9 A Using the consultants that I had already hired in
10 the engineering area and in programming and in the tower
11 landscape environment, we already had some short term
12 consulting agreements, I constructed a budget or an order of
13 magnitude for capital expenditures and discussed that with
14 them.

15 Here, these are my intentions, this is how we're
16 going to spend the money. This is where the discussions
17 early on were. Could we get lease financing, 'cause we were
18 still looking at the banks? How would capital be
19 introduced?

20 So, the extent of which builder, which architect,
21 no participation on the part of the limited partners.

22 Q You testified today that there was never a
23 checkbook in Hartford until bankruptcy?

24 A I said I wasn't sure. I thought that there might
25 be one in the latter part or mid part of 1988.

1 Q Were you a signatory on any of the bank accounts?

2 A I believe I was.

3 Q Do you know which bank account you were a
4 signatory on?

5 A The State Street account at one point in time,
6 which is where the most of the checks ran through.

7 Q In Boston?

8 A Yes. The -- for a period of time, they were at
9 different banks. I think then for awhile we were funding
10 through, from a Boston bank to a local bank, and I was a
11 signatory on that account.

12 Q When was this, what year?

13 A That was probably like '87 or early '88. There
14 was that separate account that I believe existed in 1988
15 that I had signature power over.

16 Q But, prior to that, with regard to State Street
17 Bank in Boston, at what point do you think you were a
18 signatory on that account?

19 A I believe going all the way back to 1985, when
20 Columbine got put together. I think my signature, despite
21 the fact that the checks were prepared under the mechanism
22 that was discussed, the substantial majority of dollar
23 amount and actual checks were in the order of 95 percent
24 plus of both dollars and checks were signed by me throughout
25 this process.

1 Q You testified and it's page 18 of your -- that the
2 payroll was subject to a different system. Do you want me
3 to refer you to a specific exhibit?

4 A Page 18?

5 Q Yes.

6 A I'm sorry, my testimony.

7 Q Right. It's paragraph 41 at the end of page 18.
8 "Payroll was done through a separate payroll accounting
9 company."

10 A Yes.

11 Q "Funding came from the lender-partner, Astroline
12 Company."

13 A That's correct. We used ADP or its equivalent and
14 the way it was set up was that its checks were automatically
15 covered by the partner's account in Boston. So, whenever
16 the payroll run was produced by Columbine, then linked with
17 ADP, that automatically effected a draw down of that cash.
18 Never -- you know, there was no process involved in it,
19 other than what I've just described. No transmittal process
20 or anything like that. It was always funded. We've never
21 bounced a payroll check, right up until the time we went
22 into bankruptcy. It was automatically funded.

23 Q Whose decision was it to fund payroll that way?

24 A Myself, Mr. Rozanski, in discussions with Mr.
25 Boling. I mean, that goes way -- I mean, that goes back to

1 1985, where we set that up. Mr. Rozanski set most of it up.
2 You know, we were just trying to figure out what's the best
3 way to do it.

4 Cash advances were automatically allocated, you
5 know, our investor advances were automatically allocated to
6 payroll.

7 Q And, so it's your testimony it was a decision made
8 mutually between you, Mr. Rozanski and your other partners?

9 A That was -- their preference for funding the
10 business was not to put big blocks of cash at our access at
11 any one time. That was their preference, the way to fund
12 the business.

13 The payroll, because you had Social Security
14 numbers and names, they felt very comfortable funding that
15 way. Anything else, they were gentlemen who came from, you
16 know, a cash and carry -- you know, they grew up in the
17 petroleum retailing business. They're a peculiar nature.
18 They wanted to see where the investments were going. That's
19 where the transmittal issue came about from.

20 Every -- and, liability of the business. Every
21 liability of the business was incurred at my direction.

22 Q But, the structure for which payroll and other
23 things were paid was not something at your direction, to
24 have it come directly out of Astroline's accounts?

25 MS. SCHMELTZER: I'm going to object to the form

1 of the question. I think it's a little confusing.

2 MS. WITHERS: I'm sorry.

3 BY MS. WITHERS:

4 Q You said that it was your other partners'
5 preference to have payroll and finances directly out of
6 their accounts, so that they could keep a handle on it.
7 That's how I understand what you just said?

8 A Let me clarify that. It was their preference in
9 general --

10 JUDGE FRYSIK: The first question was whether it
11 was a mutual arrangement between you and the other partners
12 and then you suggested some other question. Let's get back
13 to that first question.

14 MS. WITHERS: Okay.

15 JUDGE FRYSIK: Was it a mutual arrangement?

16 THE WITNESS: That was the vehicle that everybody
17 agreed to. Rozanski and I worked at getting an expeditious
18 and controllable vehicle and it met their test, so the money
19 was taken out of their account automatically, didn't need
20 their approval, came out of that fund and went into our
21 payroll account every two weeks.

22 JUDGE FRYSIK: So, you accommodated their
23 preferences?

24 THE WITNESS: In that instance, yes.

25 JUDGE FRYSIK: All right.

1 MS. WITHERS: I have no further questions.

2 JUDGE FRYSIAK: We've been at it a long time.

3 You're back for next Thursday, I believe?

4 THE WITNESS: If necessary.

5 MR. TOPEL: Your Honor, we need to discuss
6 redirect.

7 JUDGE FRYSIAK: Well, we could have redirect next
8 Thursday. We've been at it since 9 a.m. this morning.

9 MR. TOPEL: Mr. Cole, I think, mentioned that he's
10 considering possibly --

11 MR. COLE: Well, there's a chance that I will
12 not -- that came last night, but at this point, I really
13 don't know. I can't say. I'd like to tell Mr. Ramirez he
14 doesn't have to come back, but --

15 MR. TOPEL: Your Honor, if we could have like a
16 five minute break, we may well have no questions or short
17 that he will be finished.

18 JUDGE FRYSIAK: All right. I hope that you have
19 no questions after the break.

20 (Whereupon, a short recess was taken.)

21 JUDGE FRYSIAK: Okay, we're back on the record.

22 MS. SCHMELTZER: Your Honor, we only have one
23 question for redirect.

24 JUDGE FRYSIAK: All right. You may ask.

25 REDIRECT EXAMINATION

1 BY MS. SCHMELTZER:

2 Q Mr. Ramirez, you were asked about some memos that
3 you received from Baker & Hostetler during approximately
4 1988.

5 JUDGE FRYSIK: What did he receive, I'm sorry?

6 MS. SCHMELTZER: Some memos.

7 BY MS. SCHMELTZER:

8 Q You were asked about some memos you received from
9 Baker & Hostetler and some phone calls that you had in the
10 latter part of 1988. During that period when you received
11 and they may have been '87, as well. During that period
12 when you received those memos or had those phone calls, did
13 you have any belief at all that your eligibility as a
14 minority distress sale entity was in jeopardy because you
15 didn't have insulation provisions?

16 A You're referring to all those memos that led up to
17 the conveyance of HCT?

18 Q Right. Were you concerned that your status as an
19 entity that had received Commission approval through a
20 minority distress sale was in jeopardy?

21 A No, no.

22 MS. SCHMELTZER: That's all I have, Your Honor.

23 JUDGE FRYSIK: Mr. Cole?

24 MR. COLE: Nothing further, Your Honor.

25 JUDGE FRYSIK: Bureau?

1 MS. WITHERS: Nothing further.

2 JUDGE FRYSIK: Is that it? Do I excuse this
3 witness?

4 MR. COLE: Your Honor, I can't say that right now,
5 although what I represent is that I will do first thing
6 tonight and tomorrow morning, look through the six and get
7 to Ms. Schmeltzer and let her know and let you know, and
8 ideally, by the time we reconvene on Monday, I'll be able to
9 say aye or nay or possibly even tomorrow say aye or nay.

10 MS. SCHMELTZER: Your Honor, if I can just clarify
11 the record on one point. What has been marked for
12 identification as Trustee Ramirez TIB Exhibit 2 is
13 duplicative of a document that Shurberg has, so I'm going to
14 withdraw that. I believe it's your Exhibit 92, Harry?

15 JUDGE FRYSIK: Exhibit 2?

16 MS. SCHMELTZER: Exhibit 11, I'm sorry. It's a
17 duplicate of Shurberg Exhibit 92 and with respect to Trustee
18 Ramirez TIB's Exhibit 6 -- I'm sorry, Exhibit 12, which is a
19 list of employees, we are trying to ascertain the time frame
20 that that was prepared and also to ascertain whether it was
21 an exhibit in the Bankruptcy Court, so I'll make a
22 determination on whether to introduce that or withdraw it
23 next week when we convene.

24 (The document referred to,
25 having been previously marked

1 for identification as Ramirez
2 TIB Exhibit 11 was withdrawn.)

3 JUDGE FRYSIAK: All right.

4 MR. COLE: Your Honor, as far as Mr. Ramirez is
5 concerned, I will try to report back to you as soon as
6 possible tomorrow with notice to the other parties.

7 JUDGE FRYSIAK: Just to protect our schedule, Mr.
8 Ramirez, you then are directed to appear here unless
9 notified differently, next Thursday at 10 a.m.

10 (Witness excused.)

11 MR. COLE: Thank you, Your Honor. We're off
12 tomorrow?

13 JUDGE FRYSIAK: Tomorrow is a free day. We're
14 back on Monday at 9:30, okay?

15 MS. SCHMELTZER: Oh, I'm sorry, 10:30, because we
16 have Mr. Kent Davenport coming down from Boston.

17 JUDGE FRYSIAK: I see.

18 MR. COLE: Now, we'll be able to get him in at
19 10:30.

20 MS. SCHMELTZER: He's scheduled for 10:30.

21 MR. COLE: Mr. Bacon is tentatively scheduled for
22 two. I will have my folks in my office making flight
23 reservations to get him down here and they were conferring
24 with his office, so I may have further to report on that.
25 But, I do not anticipate even if he goes on at 2:30 that

1 we'll keep him, you know, beyond closing time.

2 JUDGE FRYSIAK: Very good. So, then, we stand in
3 recess until Monday at 10:30.

4 MR. COLE: Thank you, Your Honor.

5 JUDGE FRYSIAK: Thank you very much.

6 (Whereupon, at 4:15 p.m., the hearing was
7 recessed, to reconvene at 10:30 a.m. on Monday, September
8 28, 1998.)

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REPORTER'S CERTIFICATE

FCC DOCKET NO.: 97-128

CASE TITLE: In Re: MARTIN HOFFMAN

HEARING DATE: September 24, 1998

LOCATION: Washington, D.C.

I hereby certify that the proceedings and evidence are contained fully and accurately on the tapes and notes reported by me at the hearing in the above case before the Federal Communications Commission.

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